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SUBJECT: VPP EXPANDS U.S. COOPERATION IN SHANDONG PROVINCE

Refs: A. BEIJING 03216

¶1. (SBU) SUMMARY: As part of a Virtual Presence Post (VPP) outreach trip, Ambassador Huntsman traveled to Jinan, capital of China's Shandong Province, to open the Shandong American Week, donate books to the Shandong University law library, draw attention to an exhibition celebrating 30 years of U.S.-China relations, and meet with local officials. In a November 23 meeting with the Ambassador, Shandong Province Governor Jiang Daming and Shandong University President Xu Xianming expressed interest in strengthening cooperation between Shandong and the United States. On the margins of the Shandong American Week, the Foreign Commercial Service (FCS) organized an Energy Efficiency Workshop regarding U.S. companies' involvement in Shandong energy projects.  
END SUMMARY.

¶2. (U) During the November 23-25 trip, VPP Shandong officers, as well as Minister Counselor for Public Affairs Tom Skipper and Minister Counselor for Commerce Bill Zarit, traveled to Jinan to meet with Shandong Provincial officials, business leaders, and Chinese college students. The program improved the U.S. Embassy's working relationship with the Shandong Foreign Affairs Office (FAO), helped make inroads for future visits, and received widespread, favorable press coverage.

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Ambassador Meets Shandong Governor Jiang Daming  
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¶3. (SBU) Governor Jiang briefed the Ambassador on the state of the Shandong economy, congratulated the U.S. Embassy on a successful Presidential visit, and expressed interest in following up on the current momentum of bilateral relations. Ambassador Huntsman agreed that the U.S.-Shandong relationship should be taken to the next level, and pledged to engage embassy staff to further the Governor's suggested measures for cooperation. Jiang noted that Shandong Province was China's second largest in terms of population and GDP, with 94 million residents and a GDP of 3.1 trillion RMB. Jiang also observed that major provincial economic problems of overcapacity and trade imbalances would not go away immediately, but that Shandong's four main strengths would help it succeed, including: 1) a rich coastal area, including ports and thousands of kilometers of non-disputed area; 2) a fertile Yellow River delta, an underdeveloped region with potential; 3) new strategic industries, such as solar and nuclear energy, pharmaceuticals and biotechnology; and 4) new information technology developments, such as third generation mobile phone networks and sensor equipment industries.

¶4. (SBU) Governor Jiang offered three suggestions for how the United States and Shandong might forge a continued relationship. First, Jiang suggested establishing a long-term cooperation mechanism to communicate between the U.S. Embassy and Shandong officials on issues of mutual interest. Second, he suggested that green industry and new energy should constitute the logical starting point. Since combating climate change and environmental protection were issues of common concern, U.S.-Shandong cooperation could focus on related projects, such as using U.S. Westinghouse technology in a new Shandong nuclear plant. Third, Jiang proposed further cooperation through cultural and educational exchanges. Citing the 2560 year

history since Confucius and the Obama administration initiative to bring 100,000 students to China, Jiang expressed interest in expanding student exchanges.

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Shandong University Welcomes More Americans  
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¶15. (SBU) Shandong University President Xu Xianming described to the Ambassador the cultural and economic significance of Shandong Province and the University. Ambassador Huntsman responded by stressing the need for the Embassy to build stronger ties with Shandong by expanding people-to-people exchange programs. Xu concurred, expressing regret that despite exchange programs and ties with several universities in the United States, less than 20 of the 1200 foreign exchange students at Shandong University were American. Xu also expressed interest in establishing a joint Confucius research center at a leading university, such as the University of Pennsylvania, and in setting up a formalized exchange program for professors from Shandong University.

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Energy Efficiency Workshop Opens Doors for Business  
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¶16. (SBU) On November 24, six U.S. companies met with nearly 90 Shandong companies through the FCS-organized Energy Efficiency Workshop. U.S. company representatives expressed optimism about the possibility of significant commercial deals in Shandong and appreciation the Ambassador's participation, which raised the profile of the event and provided them access to key provincial leaders. FCS Minister Counselor Bill Zarit opened the conference by

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stressing the benefits of U.S.-China business cooperation and trade, especially in the clean energy field.

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Media Responds Positively  
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¶17. (SBU) Over 40 local and national media covered the Shandong American Week opening ceremony, and over 150 articles were published on related events. The Ambassador gave a series of one-on-one interviews to Da Zhong Ribao, Shandong TV, and Qilu Evening News, and Xinhua, China News Service, Jinan Times, Shandong Business News and China Daily online all published original stories. Sohu.com, QQ.com, and other national and regional web portals posted stories about the week's events. The trip also generated over 800 hits on the Embassy's VPP Shandong Chinese-language blog (<http://teamshandong.qzone.qq.com>) hosted on one of China's major Internet portals.

HUNTSMAN